

WILMER, CUTLER & PICKERING

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WASHINGTON, D.C. 20037-1420

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WILLIAM R. RICHARDSON, JR.  
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4 CARLTON GARDENS  
LONDON SW1Y 5AA  
TELEPHONE 011 (4471) 839-4466  
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RUE DE LA LOI 15 WETSTRAAT  
B-1040 BRUSSELS  
TELEPHONE 011 (322) 231-0903  
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FRIEDRICHSTRASSE 95  
BRIEFKASTEN 29  
D-10117 BERLIN  
TELEPHONE 011 (4930) 2643 3601  
FACSIMILE 011 (4930) 2643 3630

EX PARTE OR LATE FILED

May 3, 1995

**BY HAND**

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

RECEIVED  
MAY 3 1995  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: **Ex Parte Presentation**  
**MM Docket No. 92-266**

Dear Mr. Caton:

On behalf of ValueVision International, Inc. ("ValueVision"), and pursuant to Section 1.1206 of the Commission's rules, enclosed are two copies of a written ex parte communication submitted today in connection with ValueVision's petition for reconsideration with respect to leased access in the above-referenced docket.

If there are any questions concerning the above-referenced matter, please communicate with the undersigned.

Sincerely yours,

  
William R. Richardson, Jr.

Encls.

No. of Copies rec'd 081  
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EX PARTE OR LATE FILED

May 3, 1995

**BY HAND**

Mr. William H. Johnson  
Deputy Chief for Policy  
Cable Services Bureau  
Federal Communications Commission  
2033 M Street, N.W., Room 918  
Washington, D.C. 20554

Re: **Ex Parte Presentation**  
**MM Docket No. 92-266**

Dear Mr. Johnson:

Since our meeting last week, ValueVision has received another letter notifying it of substantial increases in leased access rates "based on the current FCC rate formula." As you can see from the enclosure, these new rates are described by the operator as "federally regulated leased access rates."

ValueVision currently pays this operator \$126,996 per year for 18 hours per day (midnight to 6 p.m.) The new rates for the same amount of time, which would become effective on June 1, amount to \$930,428.80 -- over seven times higher. For full time carriage, these rates would amount to approximately 82 cents per subscriber per month.

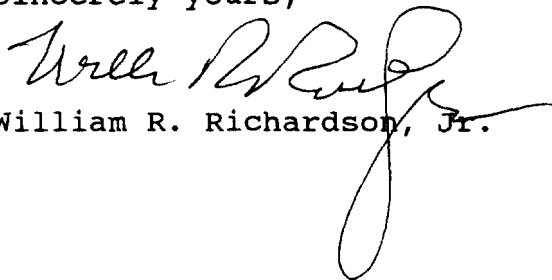
Also enclosed are copies of earlier letters illustrating the application of the Commission's leased access rules by other cable operators. As indicated in one of these letters, the initial rules would permit that system to charge ValueVision 62 cents per subscriber per month, in contrast to only 12 cents per subscriber per month received "from its most profitable shopping channel." In fact, based on its most current compilation of leased access rates quoted by 93 cable systems including a total of 1.8 million subscribers, ValueVision has

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been offered fulltime leased access at an average rate of over 74 cents per subscriber per month.

Pursuant to Section 1.1206 of the rules, two copies of this letter are being filed with the Secretary in MM Docket No. 92-266.

Sincerely yours,



William R. Richardson, Jr.

Encls.

cc: John T. Nakahata  
Maureen O'Connell  
Lisa B. Smith  
Jill Lockett  
Mary P. McManus  
Kathy Franco  
Edward Gallick

**VIACOM CABLE**  
More of What You're Looking For.

April 25, 1995

Mr. Larry Robertson  
VALUE VISION  
6740 Shady Oak Road  
Minneapolis, MN 55344-3433

Dear Mr. Robertson:

Enclosed herewith is our new leased access rate card which becomes effective June 1, 1995. These new rates are based on the current FCC rate formula, and a customer count of 174,300.

If you wish to continue your programming beyond June 1, 1995, at the new rates, please contact Mr. Greg Pond at (415) 252-6306.

Cordially,

Barrett Giorgis  
Program Director

Enclosure

valuev.apr  
ja. 4/25/95



**FEDERALLY REGULATED  
LEASED ACCESS  
RATES**

Effective June 1, 1995

**> HOURLY RATES <**

<u>Classification</u>	<u>Prime Time</u> 4PM - 12M	<u>Day Times</u> 6 AM - 4PM	<u>Overnight</u> 12M - 6AM
SHOPPING	\$358.29	\$117.47	\$109.64
PREMIUM	\$428.20	\$140.40	\$131.04
PPV EVENTS	\$14,353.61	\$4,706.10	\$4,392.36
PPV MOVIES	\$43.69	\$14.33	\$13.37
OTHER	\$205.36	\$67.33	\$62.84

**SIGNED CONTRACT REQUIRED; CONTRACT PROVISIONS INCLUDE THE  
FOLLOWING GENERAL CONDITIONS:**

- Minimum Time Slot = 1 hour
- Maximum Lease Period = 1 Year
- All payments are monthly in advance
- There will be a one time charge for equipment and set-up for downlinking or other signal delivery
- Tape Playback Fee (3/4" U-Matic) = \$25.00/hour
- Rates are subject to change at any time with thirty (30) days notice
- Channel time subject to availability and Federal requirements.

1000000.FRS  
10.6/10/95

1055 Folsom • San Francisco, CA 94103 • telephone: 415 267-4304

P.4  
JCH 12/21

# Bresnan

**BRESNAN COMMUNICATIONS COMPANY**

700 Westchester Avenue  
White Plains, New York 10604  
Telephone: (914) 997-5656  
Fax: (914) 997-6871

December 15, 1993

Ms. Debra Berndt  
Value Vision International, Inc.  
3300 E. 1st Ave., Suite 500  
Denver, CO. 80206


Dear Ms. Berndt:

I am writing in response to your letter of November 11, 1993 regarding leased access carriage of ValueVision on our cable systems.

Our understanding of the FCC rules, as they currently stand, is that we may establish a leased access rate for a shopping channel equal to the "highest implicit fee" charged by any existing unaffiliated shopping channel. We believe that calculation should be based on the monthly subscriber revenue plus the monthly commission earned from that channel. If a system charges \$10.00 for a 20 channel tier, the monthly channel charge would be .50 per subscriber. If the same system earns .12 monthly commission from its most profitable shopping channel, the total leased access charge for ValueVision would be .62 per month per subscriber (.50 + .12).

The attached spreadsheet indicates what the leased access rate for ValueVision would be, calculated on this basis, in each of our headends with more than 1,000 subscribers. If you are interested in pursuing this, please let me know.

Sincerely,



Michael W. Bresnan  
Director of Operations

MB/dmg  
Attachment

cc: Bill Ironside  
Joanne Thoelen  
Bob Bresnan

**Bresnan Communications Company**  
**Value Vision Leased Access Analysis**  
**December 9, 1993**  
**\*Head Ends with > 1,000 Subs\***

<u>Head End</u>	<u># Customers</u>	<u>Rate Per Customer</u>	<u>Monthly Access Fee</u>
Negaunee	16,081	0.77	12,382
Gwinn	3,301	0.70	2,311
Munising	1,660	0.85	1,411
Subtotal - Marquette, Michigan System			16,104
Iron Mountain	7,214	0.64	4,617
Subtotal - Iron Mountain, Michigan System			4,617
Escanaba	10,056	0.69	6,939
Manistique	2,078	0.71	1,475
Subtotal - Escanaba, Michigan System			8,414
Ironwood	7,038	0.64	4,504
Subtotal - Ironwood, Michigan System			4,504
Houghton	9,674	0.56	5,417
L'Anse	1,696	0.67	1,136
Ontonagon	1,472	0.66	972
Subtotal - Copper Country, Michigan System			7,525
Sault Ste. Marie	5,168	0.78	4,047
Subtotal - Sault Ste. Marie, Michigan System			4,047
Bay City	24,475	0.64	15,664
Butman	1,334	1.01	1,347
Midland	14,582	0.64	9,332
Olive	979	0.97	950
Subtotal - Bay City, Michigan System			27,293
Duluth	17,263	0.63	10,878
Superior	6,782	0.63	4,273
Subtotal - Duluth, Minnesota System			15,151
Brainerd	6,165	0.59	3,649
Subtotal - Brainerd, Minnesota System			3,649
Jesup	4,811	0.67	3,223
Woodbine	972	0.77	748
Subtotal - Jesup, Georgia System			3,972
Grenada	5,524	0.52	2,872
Subtotal - Grenada, Mississippi System			2,872
TOTAL ANY			98,147

# SCHURZ COMMUNICATIONS, INC.

225 W. Colfax Avenue/South Bend, Indiana 46626 (219) 287-1001

E. Barry Smith  
Senior Vice President - Broadcasting

December 3, 1993

Mr. Stephen Cunningham  
Senior Vice President,  
Program Distribution  
ValueVision International, Inc.  
5194 West 78th Street  
Minneapolis, Minnesota 55439

Re: Leased Access Carriage

Dear Mr. Cunningham:

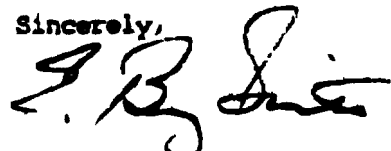
I am writing in response to the letter you sent regarding leased access capacity for ValueVision on our cable systems. Effective June 21, the 1992 Cable Act and the FCC implemented regulations limiting the amount we can charge for such capacity. We will, of course, comply with those legal restrictions.

We are still in the process of digesting the FCC's recent Report and Order. Rather than providing a specific price quote on a system-by-system basis, we thought it would be more sensible to set forth our understanding of the maximum permissible leased access rate. We would like to be sure that our understanding is consistent with your own interpretation before we proceed further.

The FCC clearly allows cable operators to establish a leased access rate for a "shopping channel" equal to the "highest net implicit fee" charged any existing unaffiliated shopping channel. 47 C.F.R. S 76.970. We believe that calculation should be based on the monthly subscriber revenue plus the monthly commission earned from that channel. If a system collects \$100,000 in subscriber revenue from a 20 channel tier and a leased access shopping channel wishes to be included in that tier, the monthly channel charge would be \$5,000. (\$100,000 divided by 20). If that system also collects \$10,000 in monthly sales commission from its most "profitable" shopping channel, it can add that \$5,000 channel charge to the \$10,000 sales commission. In this example, the cable system could charge a leased access applicant, like ValueVision, \$15,000 per month.

Assuming you share our understanding of the new regulations and are interested in pursuing this matter, please let us know and we will begin appropriate calculations.

Sincerely,



E. Barry Smith

## TELEVISION

WBST-TV South Bend, IN • WDBL-TV Bismarck, ND • WAST-TV Augusta, GA • KTVV Springfield, MO

## CABLE

Cable TV of Great Springs, FL • Antenna Cable, Nagansham, MD

## RADIO

WBST (AM) South Bend, IN • WBBN (FM) South Bend, IN • WABK (AM) Lafayette, IN • WABK (FM) Lafayette, IN



## Great Southern Printing and Manufacturing Company

1000 EAST PULASKI AVENUE, SUITE 2000, CHICAGO, ILLINOIS 60611-1500  
FREDERICK CABLEVISION, INC. THE COMMUNICATIONS BOARD OF CHICAGO  
December 6, 1993

Ms. Debra Berndt  
Leased Access Program Administrator  
ValueVision  
Suite 500, 3300 E. 1st Ave.  
Denver, CO 80206

Re: Your Letter Dated November 11, 1993 to Mr. Myron Randall

Dear Ms. Berndt:

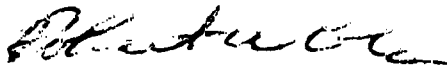
I am responding to the referenced letter regarding leased access carriage for ValueVision. Effective June 21, the 1992 Cable Act and the FCC implemented regulations limiting the amount we can charge for leased access.

We are still in the process of digesting the FCC's recent Report and Order. Rather than provide detailed information on a system-by-system basis, we thought it would be more appropriate to reach an understanding of the maximum permissible leased access rate. We would like to be sure that our understanding is consistent with your own interpretation before we proceed further with your request for detailed information.

The FCC clearly allows cable operators to establish a leased access rate for a "shopping channel" equal to the "highest net implicit fee" charged any existing unaffiliated shopping channel. We believe that calculations should be based on monthly subscriber revenues, plus the monthly commission earned from that channel. For example, if a system collects \$100,000 in subscriber revenue from a 20-channel tier and a leased access channel wishes to be part of that tier, the monthly charge would be \$5,000. If that system also collects \$10,000 in monthly sales commission from its most "profitable" shopping channel, it can add that \$10,000 commission to the \$5,000 channel charge. In this example, we could charge a leased access applicant, like ValueVision, \$15,000 per month.

Assuming you share our understanding of the new regulations and are interested in pursuing this matter, please let us know and we will begin appropriate calculations.

Sincerely,



Robert W. Cole  
Vice President, Operations

RWC/pd